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IN 1-4409

AUG 13 1953

MEMORANDUM FOR: The Honorable C. D. Jackson
Special Assistant to the President

SUBJECT : Recent Communist Approaches to Japan

REFERENCE : Memorandum of 28 July 1953

1. Recent Communist gestures toward Japan, trade offers and the repatriation of Japanese from Communist China, seem to be designed to exploit Japan's vulnerable economic position, its growing nationalism and the likely aggravation of these vulnerabilities following the truce in Korea.

2. While neither the USSR nor Communist China has yet offered Japan any concession sufficiently great to encourage Japanese negotiation with the bloc, economic pressures and Communist efforts to reduce Japanese distrust of the USSR and China may lead the Japanese government to establish formal relations with the bloc in the interests of trade with the Asiatic mainland. Soviet Foreign Minister Molotov is reported to have assured Ikuro Oyama, Japanese winner of the Stalin Peace Prize, on 22 July that concrete steps would be taken to reestablish normal relations with Japan, suggesting that economic and cultural ties might precede formal diplomatic arrangements.

3. The Communist bloc has a number of inducements which can be used in pursuit of their objectives of preventing Japanese economic resurgence, rearmament and orientation toward the US.

4. The USSR can offer the return of the 1487 PW's admittedly still in the USSR, favorable fishing rights and territorial adjustments in the Habomai Islands in the southern Kurils. The USSR will probably continue to encourage Communist-inspired movements for closer Japanese ties with the bloc.

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5. Communist China can offer a wide range of trading opportunities, capitalizing on the Japanese inclination to over-estimate the volume of such trade because of the pre-war importance of China and Manchuria to Japan and the Japanese desire to achieve a self-sustaining economy through trade with the mainland.

SIGNED

C. P. CABELL
Lieutenant General, USAF
Acting Director

O/DDI/JJH/evs

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TRANSMITTAL		
31 July 1953 (Date)		
TO: DEPUTY DIRECTOR, INTELLIGENCE		
BUILDING ADMIN	ROOM NO.	
REMARKS: I would like your views on this. AWD <i>[Handwritten signature]</i> <i>RJ Smith</i>		
FROM: THE DIRECTOR		
BUILDING ADMIN	ROOM NO. 126	EXTENSION 601

THE WHITE HOUSE
WASHINGTON

NOTED BY
7/31/53
[Signature]

July 28, 1953

Memorandum for Gen. Cutler
Gen. Walter Bedell Smith
Allen Dulles

From: C. D. Jackson

Reading recent intelligence reports I get the definite impression that the Russians are beginning to cozy up to the Japanese--a smart move on their part, particularly if it involves promises of two-way trade with China and Manchuria.

If AWD's information and the Department's information confirms this as something more solid than straws in the wind, it might be advisable to start thinking this one through quickly before we are confronted with a serious crisis.


C. D. Jackson